

VA Office of Inspector General

OFFICE OF AUDITS & EVALUATIONS



Veterans Benefits Administration

*Audit of
Education Claims and
Payments for the
Post-9/11 GI Bill*

November 3, 2010
09-03458-18

ACRONYMS AND ABBREVIATIONS

GI	Government Issue (Refers to active duty service members)
OIG	Office of Inspector General
VBA	Veterans Benefits Administration

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Report Highlights: Audit of Education Claims and Payments for the Post-9/11 GI Bill

Why We Did This Audit

The Post-9/11 GI Bill, enacted in June 2008, required VA begin making benefits payments to students and schools under a complex new education program. Payments began on August 1, 2009. Despite significant challenges, such as an unsuccessful outsourcing effort and reliance upon legacy information systems, VA hired additional staff and developed software to begin payments on August 3, 2009. We conducted this audit to determine whether Veterans Benefits Administration (VBA) processed claims and payments timely and accurately.

What We Found

Claims processing times were slow throughout the fall 2009 school term. However, with limited exceptions, claims payments were generally accurate and at or near the VBA performance standard. Processing delays and some systemic errors occurred due to limited software functionality and inadequate staffing levels. As a result, participating students and schools experienced excessively late payments and potential hardships. About 9,900 students were affected by systemic errors related to allowances totaling \$3.2 million for books and supplies and foreign housing. To mitigate potential harm due to late payments, VA provided \$356 million in 122,000 emergency payments to persons requesting assistance while waiting for their regular VA education benefits. To enhance claims processing, VA deployed scheduled software releases with

increased functionality. To improve staffing, VA added 5 payment authorizing sites, hired 200 more employees, and assigned additional staff on a temporary basis. VBA's corrective actions, if implemented consistently and successfully, should reduce claims processing delays and systemic payment issues and improve overall accuracy. We are not recommending additional action to address the software and staffing issues discussed above.

What We Recommend

We recommend the Acting Under Secretary for Benefits address the education benefits payment errors identified during our audit by paying the amounts still owed for foreign housing allowances and providing instructions to the regional processing offices concerning overpayments of books and supplies.

Agency Comments

The Acting Under Secretary for Benefits agreed with our findings and recommendations. We consider the planned actions acceptable, and will follow up on their implementation. Appendix E contains the full text of the comments from the Acting Under Secretary for Benefits.

(original signed by:)

BELINDA J. FINN
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objective	The Office of Inspector General (OIG) conducted an audit to determine whether the Veterans Benefits Administration (VBA) processed Post-9/11 GI Bill claims and payments timely and accurately.
Post-9/11 GI Bill	The Post-9/11 Veterans Educational Assistance Act of 2008, (Public Law 110-252) enacted in June 2008, required VA to begin on August 1, 2009, paying benefits under a complex new education program. This Post-9/11 GI Bill program substantially revised education benefits for qualified applicants who served in the military in the Post-9/11 era. The program provides payment for tuition and fees at both public and private institutions, up to the maximum in-state tuition and fees rates in each state. Whereas previous education programs provided only a monthly stipend directly to students, the Post-9/11 GI Bill required VA to make multiple payments for a range of education-related purposes. This included, following enrollment, paying schools for tuition and fees and students for books and supplies, as well as paying students monthly for housing.
Program Implementation	<p>VA initiated the Post-9/11 GI Bill Interim Solution project in October 2008 as a joint effort by VBA and the VA Office of Information and Technology. For the initial 17 months of operations, VA hired a temporary workforce and internally developed its Interim Solution software to support claims examiners in recording claims decisions and making benefits payments. For the longer term, VA entered into an agreement with the Space and Naval Warfare Systems Command to develop by December 2010 the Long Term Solution software, expected to increase automation of the claims approval and payment process.</p> <p>The original program staff were stationed at VBA's four regional processing offices located in Atlanta, GA; Buffalo, NY; Muskogee, OK; and St. Louis, MO. VA began accepting student applications for benefits on May 1, 2009, accepting school enrollment certifications on July 6, 2009, and releasing payments on August 3, 2009. As of January 28, 2010, VA had issued nearly 1.3 million Post-9/11 GI Bill payments totaling approximately \$1.8 billion. During the 2009-2010 school year, VA reported providing \$4.3 billion in Post-9/11 GI Bill benefits to 310,098 students.</p>

RESULTS AND RECOMMENDATIONS

Finding Claims Processing Was Slow but Generally Accurate

Between October and December 2009, VBA required on average at least 147 percent more days than the performance standard to process Post-9/11 GI Bill claims. Average monthly processing time for original claims peaked at 38 days over the 24-day performance standard, and average time for supplemental claims peaked at 39 days over the 10-day standard. In contrast, VBA's overall accuracy rate for claim payments was at or near the 94 percent annual standard for the period reviewed. Processing deficiencies occurred due to limited software functionality and inadequate staffing levels. As a result, participating students and schools experienced significant benefits payment delays and potential hardships. To address these issues, VA advanced \$356 million in emergency education benefits payments, added staff and processing locations, and is migrating to more robust software. In addition, about 9,900 students were affected by systemic errors for allowances related to books and supplies, and housing.

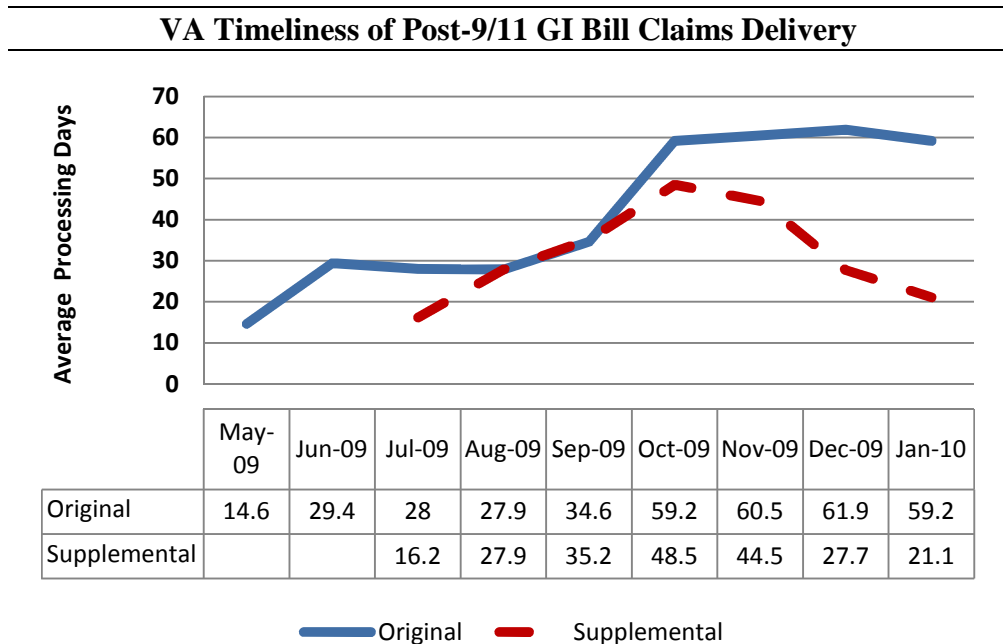
Claims and Payments Not Processed Timely

VBA experienced excessive delays in processing claims during the initial implementation of the Post-9/11 GI Bill program. VBA set a performance goal that original education claims would be processed on average within 24 calendar days of receipt, while supplemental claims should be processed on average within 10 days. VBA adopted previously established performance metrics that are used for all education benefits in the absence of data to support changing these targets.

Beginning in June 2009 average processing time for initial applications and eligibility determinations (original claims) exceeded the 24-day standard, reaching 30 or more days over the standard from October 2009 through January 2010. Average processing time for original claims peaked in December 2009 at 62 days, which was 158 percent higher than VBA's processing standard.

Average processing time for enrollments and payments (supplemental claims) exceeded the 10-day standard in July 2009—the first month VA began accepting enrollment certifications for the Post-9/11 GI Bill. Average processing time for supplemental claims peaked in October 2009 at 49 days, which was 385 percent greater than VBA's processing standard. Average monthly processing days for original and supplemental claims are presented in Table 1.

Table 1



Source. VBA Distribution of Operational Resources 1016 Report

Claims Accuracy Near Standards

VBA's overall accuracy rate for initial Post-9/11 GI Bill claims was at or near the annual performance standard. VBA set a payment accuracy goal of 94 percent for FY 2010. However, a knowledgeable Education Service official told us they expected the payment accuracy rate, due to a lack of staff experience with the new claims process, to be as low as 90 percent during initial implementation of the new Post-9/11 GI Bill program. Our review determined that the overall accuracy rate for Post-9/11 GI Bill claims from August to October was between 90 and 94 percent. Appendix C contains additional information on our statistical projections.

Despite overall accuracy rates at or near the standard, we identified systemic payment errors related to allowances for books and supplies, and foreign housing.

- **Books and Supplies Overpayments.** Regulations authorized up to \$1,000 for books and supplies per academic year to eligible veterans. We estimate about 9,400 (4 percent) of 239,227 students with allowances for books and supplies averaged \$306 in overpayments. Our results are based on a statistical projection described in Appendix C. While \$2.9 million in overpayments resulted, only 2 percent of total books and supplies allowances were affected. For example, in response to an enrollment adjustment for the spring term, VA paid a student in Alabama an additional \$125 for books and supplies on January 23, 2010. This brought the cumulative total of payments for this student, including the fall term, to \$1,125 for the academic year.

This type of error occurred because the formula VBA used for calculating these payments did not discontinue additional payments when the student reached the maximum annual allowance.

- Foreign School Housing Allowance Underpayments. Regulations authorized a monthly housing allowance of \$1,333 for those attending foreign schools (including overseas U.S. territories) during the 2009-2010 school year. We identified 508 (47 percent) of 1,074 students with foreign housing allowance underpayments averaging \$579. For example, during the period September 7, 2009, to April 17, 2010, VA underpaid the housing allowance for a student in London by \$136 per month, totaling close to \$1,000 in underpayments for the academic year. The claims examiner failed to override the housing amount that was incorrectly programmed into the system, triggering the string of underpayments.

***Limited Software
and Inadequate
Staffing Hindered
Performance***

VBA's processing of initial Post-9/11 GI Bill claims was hindered by limited software functionality and too few staff. VBA initially sought a high level of automation because of the new need under the law to calculate multiple benefit payments per student enrollment. A high level of automation could have reduced the number of additional staff needed for claims processing.

However, VA was unable to obtain adequate contractor proposals to develop and deliver a highly automated system within the required timeframe. As a result, in October 2008 VA shifted its plan to internally developing Interim Solution software. Due to a small internal systems development staff and a short schedule, VA produced software that required claims examiners to perform extensive manual actions, such as transferring or calculating data, which were not included in the system's functionality. This type of processing environment limited the speed at which examiners could accurately process claims. In addition, some claims processing was delayed due to schedule requirements to develop functionality for adjusting and calculating awards in special circumstances, such as fee changes, enrollment changes, and claims with overlapping enrollment periods.

The Interim Solution's limited functionality and reliance on claims examiners to perform extensive manual procedures increased the risk that processing errors would occur and go undetected. For example, the software lacked automated controls to prevent underpayments of housing allowances for students attending foreign schools or overpayments of allowances for books and supplies.

In addition, the lack of sufficient, experienced staff contributed to claims processing delays and affected overall accuracy. By February 2009, the VA OIG and a consultant to the Secretary had both questioned the adequacy of VBA's staffing plans and supporting analysis. VBA underestimated the

need for additional staff in the initial plans due to several faulty assumptions. Initial staffing estimates were based on annual workload, rather than peak season workload expected during the beginning of the school year. Furthermore, the initial staffing plan inaccurately identified headquarters and support staff as claims processors when a smaller workforce was actually used. For example, the initial staffing plan erroneously counted headquarters staff as if they would be personally working claims, rather than providing oversight and coordination. Staffing plans also were not based on realistic estimates of the time an inexperienced examiner needed to work claims or the time needed to train new examiners before they could work independently.

VBA's actual staffing levels lagged behind staffing plans. In March 2009, VBA estimated that 1,121 examiners were required to process Post-9/11 GI Bill claims. However, only 953 employees had been assigned when VBA began accepting claims applications in May 2009. In June 2009, VBA announced it would hire an additional 230 employees authorized under the American Recovery and Reinvestment Act. However, it was not likely that these additional staff could be hired and fully trained before the fall surge overwhelmed VBA's processing capacity. To augment its limited workforce, VBA paid education staff \$8.1 million to work overtime from May 2009 through January 2010.

***Delays and Errors
Affected Students
and Schools***

VBA's excessive payment delays had a widespread impact on students and schools. The delays prompted VA to expend considerable resources processing emergency payments to mitigate potential student hardships. In addition, VA had to coordinate with schools for flexibility in enforcing tuition payments.

From September 2009 through January 2010, students and schools experienced delays of about 5 weeks beyond VBA's performance standard to receive their payments. As a consequence, they had to use their own resources or make other arrangements until their payments arrived. Some delays significantly exceeded the 5-week average delay. For example, Northern Kentucky University provided an enrollment certification for a student on July 24, 2009. However, VA did not issue payment until mid-December, a delay of more than 140 days (1,300 percent above the timeliness performance standard).

Education payments for the fall 2009 term arrived later than many students expected. Publicity concerning the Post-9/11 GI Bill had suggested that the program would enable students to attend school without having to use their own funds. Although the program will eventually cover students' education expenses, the funds are not always paid before expenses are due. Certain benefits, such as monthly housing allowances, are payable at the end of the month, meaning students need sufficient personal funds to support

themselves until the allowances arrive. VBA is generally late in processing claims and payments in the fall school term, due to the seasonal surge in workload. Finally, additional delays can occur because of factors beyond VA's control, such as a school's untimely submission of enrollment certifications to VA.

Some students reported on the Internet and in the media that they experienced financial hardship due to late payments of their Post-9/11 GI Bill education benefits. For example, the *Washington Times* reported on September 24, 2009, that a veteran said he had depleted his savings and borrowed money from his parents while waiting for his Post-9/11 GI Bill benefits. Other Internet sources reported some students had to make special arrangements with their schools due to VA's late tuition payments.

To mitigate financial hardship to students, VA announced on September 25, 2009, that it would provide up to \$3,000 in emergency payments to students who were awaiting their fall education benefits. Between October 2009 and September 2010, VA paid 122,000 emergency payments worth \$356 million for this purpose. In addition, VA asked schools for flexibility in enforcing tuition deadlines for students with VA education certificates of eligibility until VA approved their payments.

Inquiries concerning the new program and payment delays resulted in over a million attempted calls to the Education Call Center in October 2009. Due to the unprecedented volume of these calls, most of them were unable to get through. The number of answered calls reported for October was approximately 192,000.

Concerning claims accuracy, the overall impact of payment errors was low, except for underpayments to students at foreign schools or excessive books allowances. We estimate a total of about 9,900 students require payment adjustments totaling \$3.2 million. VA underpaid 508 students at foreign schools a total of \$294,000 in monthly housing allowances. It will have to pay the underpayments, which averaged \$579 per student. In addition, due to administrative errors, VA overpaid 9,400 students an average of \$306 per student (totaling \$2.9 million) for books and supplies. VA regulations state that recipients are not liable for overpayments which are administrative errors (38 C.F.R. 21.9695).

**VBA Responded
to Software and
Staffing Issues**

Midway through the fall 2009 school term, VBA began implementing changes to mitigate the software and staffing issues that undermined its initial performance.

In November 2009, VA's Office of Information and Technology delivered Phase 3 upgrades to the Interim Solution to allow claims examiners to process amended awards and overlapping school terms. More recently, in

August 2010, VBA deployed Release 2.1 of the Long Term Solution, expected to ultimately replace the use of the Interim Solution for making eligibility and payment determinations. If this release functions as planned, it will reduce staffing requirements and the introduction of human errors.

VA was scheduled to deploy the remaining phases of the Long Term Solution by December 2010. However, in September VA announced that the delivery schedule for the remaining portions of the Long Term Solution was being extended. Release 3 of the Long Term Solution is expected to interface with VA's Benefits Delivery System for automated payments. This release is expected to allow VA to replace use of the Interim Solution to make payment authorizations. Release 4 of the Long Term Solution is expected to provide students with self-service capabilities to access and view the status of applications and claims.

Since October 2009, VBA has significantly reinforced its Post-9/11 GI Bill staffing plan to address the excessive claims delays. It added five additional sites for authorizing payments, beginning with Columbia, SC, and Philadelphia, PA, in October 2009. Regional offices in Phoenix, AZ; San Diego, CA; and Seattle, WA, were added in November 2009.

To increase its processing capacity, VBA assigned over 200 additional staff to authorize Post-9/11 GI Bill payments. From December 2009 through February 2010, VBA assigned still more staff from the Education Call Center in Muskogee, OK, to process claims 2 days a week. VBA streamlined its process by permitting most examiners to authorize awards and payments without review by another senior examiner. Finally, while addressing the claims backlog, VBA suspended quality assurance activities at some regional processing offices. Concentrating staff on claims processing could increase productivity, but some of these measures, such as reducing or suspending reviews, could also result in weakened quality controls.

Conclusion

VBA was slow in processing initial claims, resulting in delayed payments to students and schools receiving Post-9/11 GI Bill education benefits in the fall 2009 school term. While payment accuracy was at or near performance standards, systemic errors occurred concerning books and supplies and foreign housing allowances. Excessive delays and systemic errors were due to inadequate software and staffing.

VBA has substantially changed the control environment we audited. Its corrective actions, if implemented consistently and successfully, should reduce the claim delays and systemic payment issues we noted and improve overall accuracy. We therefore are not recommending additional actions to address the software and staffing issues discussed above. However, addressing the payment errors we identified will result in additional

expenditures of approximately \$294,000 and acknowledgement of unrecoverable overpayments of \$2.9 million.

Recommendation We recommend the Acting Under Secretary for Benefits address the education benefits payment errors identified during our audit by paying the amounts still owed for foreign housing allowances and providing instructions to the regional processing offices concerning overpayments of books and supplies.

**Management Comments and
OIG Response** The Acting Under Secretary for Benefits concurred with our finding and recommendation to pay the amounts still owed for foreign housing allowances, and to provide instructions to the regional processing offices concerning overpayments of books and supplies. We consider their planned actions acceptable and will follow-up on their implementation.

In addition, the Acting Under Secretary for Benefits provided a number of technical comments pertaining to the body of the report. We made changes to the final report, where appropriate, to provide additional information and clarity. See Appendix E for the full text of the Acting Under Secretary's comments.

Appendix A Background

Post-9/11 GI Bill The Veterans Educational Assistance Act of 2008 (Public Law 110-252), enacted in June 2008, required VA to begin paying education benefits on August 1, 2009, under the new Post-9/11 GI Bill program. Individuals with qualifying service on or after September 11, 2001, are eligible for benefits that are prorated depending upon length of military service.

The Post-9/11 GI Bill program substantially revised educational benefits for military service during the Post-9/11 era. The program provides payment for tuition and fees at both public and private institutions, up to the maximum in-state tuition and fees rates in each state. Whereas previous education programs provided only a monthly stipend directly to students, the Post-9/11 GI Bill required VA to make multiple payments for a range of education-related purposes. This included, following enrollment, paying schools for tuition and fees and students for books and supplies, as well as paying students monthly for housing.

Maximum tuition and fees are set by the states and vary significantly from state to state. For example, in 2009, maximum tuition per credit hour ranged from \$93 in South Dakota to \$1,471 in Texas. Monthly housing allowances rates in 2009, which varied from \$739 in Paducah, KY, to \$2,763 in San Francisco, CA, corresponded to rates set by the Department of Defense for an Army Sergeant or equivalent with dependants. VA reported providing \$4.3 billion in Post-9/11 GI Bill benefits to 310,098 students during the 2009-2010 school year.

The Post-9/11 GI Bill required beneficiaries qualifying for more than one education program to elect which program they wished to continue. However, during initial claims processing in May 2009, VBA reported as many as 30 percent of applicants failed to document such elections on their applications. To avoid further delays while VBA attempted to obtain the elections, VBA authorized claims examiners to make the elections on the veterans' behalf. When VBA makes such an election, the veteran has a year from the notification letter to appeal the decision to VA.

Implementation Challenges

The Post-9/11 GI Bill required VA to plan and implement the new, complex education program within 13 months. When the law was enacted, VBA did not have a process in place to implement it, and VA's legacy information systems could not support the claims processing requirements. In addition, VA had limited trained staff to develop the needed information technology systems. To implement the law, VA initially sought to outsource the processing of Post-9/11 GI Bill claims to a contractor. However, in October 2008, VA abandoned its outsourcing plan after not receiving sufficient proposals.

VA then adopted a dual strategy for implementing the program. As an Interim Solution, VA hired a temporary workforce and developed software internally. For the longer term, VA entered into an agreement with the Space and Naval Warfare Systems Command to develop the Long Term Solution software by December 2010 to increase automation of the claims approval process.

The Interim Solution, a joint project supported by VBA and the Office of Information and Technology, was a significant challenge for VA. In order to begin accepting applications by May 2009, VBA had to design and implement a new claims process, double the size of its education claims processing workforce, and train its staff. The Office of Information and Technology, which had limited staff trained for development, had to create two new software applications to process claims and make payments. In addition, it had to develop interfaces with 10 existing information systems. Because of limited development resources, project complexity, and time constraints, the Interim Solution software could only provide basic functionality and required extensive manual processing by claims examiners.

VBA was challenged when developing estimates and assumptions to plan the project. For example, VBA estimated that 526,000 students would participate in the program during the program's first school year. However, only about 310,000 participated. This discrepancy was not immediately apparent due to delays in claims processing and because many veterans applied for the program without enrolling in school. In addition, fewer students than originally expected transferred immediately from the Montgomery GI Bill to the Post-9/11 GI Bill. Some of these students are expected to transfer programs during the 2010-2011 school year.

**Related VA OIG
Coverage**

In accordance with Public Law 110-219, we began monitoring VA's implementation of the Post-9/11 GI Bill in October 2008 and provided quarterly results to Congressional and VA staff beginning in January 2009.

Between January and August 2010 we conducted a review of allegations that VA made improper emergency payments for education benefits between October 2009 and February 2010. Our report substantiated that VA inappropriately provided 35,000 emergency payments totaling approximately \$103 million to ineligible military service members and veterans who did not participate in VA's education programs. In addition, the emergency payments resulted in an estimated loss of about \$87 million in unrecoverable debts out of the \$356 million in total emergency payments. Our previous report, *Review of Alleged Improper Emergency Payments for Education Benefits*, Report Number 10-01248-249, September 14, 2010, contains more information on this matter.

Between January and August 2010, we conducted an audit of the development process for the Post-9/11 GI Bill Long Term Solution. Our audit identified VA Office of Information and Technology's plan for the Long Term Solution deployment has been effective in part. VA Office of Information and Technology deployment of the Long Term Solution Releases 1 and 2 were on schedule but with limited functionality and complex data conversion issues to overcome. A prior report, *Audit of VA's Implementation of the Post-9/11 GI Bill Long Term Solution*, Report Number 10-00717-261, September 30, 2010, contains additional details about the system deployment effort.

Appendix B Scope and Methodology

Scope

We reviewed the timeliness of claims and the accuracy of payments related to the Post-9/11 GI Bill program during fall 2009. Our audit included information obtained during our monitoring (required by Public Law 110-219) of the implementation of the Post-9/11 GI Bill. We visited and interviewed officials at VBA locations in Washington, DC; Atlanta, GA; Columbia, SC; Chicago, IL; Muskogee, OK; and St. Louis, MO. We also obtained information from VBA locations in Buffalo, NY; Philadelphia, PA; Phoenix, AZ; San Diego, CA; and Seattle, WA. Our assessment of internal controls focused on controls, such as software and human capital, relating to our audit objective. Our audit included examination of education program documentation, and reports from VBA information systems and public Internet reports. We also reviewed applicable laws, regulations, and policies.

Methodology

We assessed the timeliness of education claims using data from VBA's Distribution of Operational Resources 1016 Report and Work in Process system. To assess the overall accuracy of claims and payments, we used a random sample of 400 students (100 per regional processing office) receiving payments between August and October 2009. We also used data mining to identify students receiving more than \$1,000 in books and supplies payments from August 2009 through April 2010. We reviewed a random sample of the preliminary results to eliminate advance payments for fall 2010, and we projected validated payments in excess of the annual ceiling. Finally, we identified students at foreign schools receiving underpayments for housing allowances. The results of our projections for overall payment accuracy and excessive allowances for books and supplies are in Appendix C.

Reliability of Computer- Processed Data

VBA uses electronic systems of records, including electronic images of source documents, to process and manage its education workload. We accessed and used this information to conduct our audit. To assess the reliability of the electronic data, we reviewed samples of records from multiple systems, including comparing them with source documents found in the electronic image records. Based on these tests and assessments we concluded the data were sufficiently reliable for the purposes used.

Compliance with Government Audit Standards

We conducted this performance audit between November 2009 and September 2010 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C Statistical Results

Overall Accuracy To determine overall accuracy, we reviewed a universe of 84,000 students receiving 372,000 payments worth \$465 million between August and October 2009. We randomly selected and reviewed data on 400 students (100 per regional processing office) with 1,750 payments valued at \$2.3 million. We found that approximately 92 percent of all students had accurate claims and payments. See Table 2, results 1-3 for additional details.

Books and Supplies We used data mining to identify excessive payments for books and supplies. We identified a total of about 9,900 students receiving payments above the \$1,000 maximum authorized allowance for books and supplies. We then reviewed a random sample of 99 students with apparently excessive payments to validate the tests. Our results showed that due to administrative errors about 9,400 students were overpaid a total of \$2.9 million during the 2009 school year. See Table 2, results 4-5 for additional details.

Table 2

**Statistical Projections for Overall Accuracy
And Books and Supplies Overpayments**

Results	Projection	Margin of Error based on 90% Confidence Interval	90% Confidence Interval	
			Lower Limit	Upper Limit
1. Overall accuracy per student	92 percent	2 percent	90 percent	94 percent
2. Overall overpayments	\$4.6 million	\$2.9 million	\$1.7 million	\$7.5 million
3. Overall underpayments	\$3.7 million	\$1.7 million	\$2.0 million	\$5.4 million
4. Students overpaid for books and supplies	9,356	388	8,968	9,744
5. Value: overpayments for books and supplies	\$2.9 million	\$394,000	\$2.5 million	\$3.3 million

Note: The margin of error and confidence interval are indicators of the precision of the projection. Repeated statistical sampling of this universe would result in projections approximately between the lower and upper limits in 90% of the cases.

Appendix D Monetary Benefits in Accordance with IG Act Amendments

Explanation of Benefits	Questioned Costs
Our audit identified \$2.9 million in unrecoverable overpayments for books and supplies due to administrative errors.	\$2.9 million
Total	\$2.9 million

Appendix E Agency Comments

Department of Veterans Affairs

MEMORANDUM

Date: October 18, 2010

From: Acting Under Secretary for Benefits (20)

Subj: OIG Draft Report—Audit of Education Claims and Payments for the Post-9/11 GI Bill
(Project No. 2009-03458-D2-0166)—VAIQ 7039357

To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached is VBA's response to the OIG's Draft Report—Audit of Education Claims and Payments for the Post-9/11 GI Bill.
2. Questions may be referred to Nancy Holly, Program Analyst, at 461-9199.

(original signed by:)

Michael Walcoff

Attachment

**Veterans Benefits Administration
Comments on OIG Draft Report
Audit of Education Claims and Payments for the Post-9/11 GI Bill**

The Veterans Benefits Administration (VBA) concurs with OIG's finding and provides the following comments:

Page i, first paragraph, first sentence:

“The Post-9/11 GI Bill, enacted in June 2008, required VA within 13 months to begin”

VBA Comment: We recommend the sentence be revised for clarity to indicate that we were to begin making payments on August 1, 2009 and not within 13 months.

Page i, fourth paragraph, last sentence and throughout the report:

“... foreign housing and books and supplies.”

VBA Comment: We recommend changing the order from “foreign housing and books and supplies” to “books and supplies and foreign housing” in order to clarify that they are two distinct issues versus the foreign housing and foreign books and supplies.

Page i, right side of page, first paragraph, second sentence:

VBA Comment: For clarification, please remove the word “automated”

Page i, right side of page, second paragraph:

VBA Comment: We recommend rewording for clarity and accuracy as indicated below:

VBA has reduced the claims processing delays experienced in Fall 2009. If corrective action is implemented consistently and successfully, resolution of systemic payment issues will result in improvements in overall accuracy. We therefore are not recommending additional action to address the software and staffing issues discussed above.

Page 1, second paragraph, first sentence:

“The Post-9/11 Veterans Educational Assistance Act of 2008, (Public Law 110-252) enacted in June 2008, required VA to begin paying benefits under a complex new education program by August 2009.”

VBA Comment: For clarity, we recommend changing the end of the sentence as listed below:

“...program on August 1, 2009.”

Page 1, second paragraph, third sentence:

VBA Comment: For clarification, we recommend rewording the sentence as listed below:

The program provides payment for tuition and fees at both public and private institutions, up to the maximum in-state tuition and fees rates in each state.

Page 1, fourth paragraph, first sentence:

VBA Comment: Change "...VBA Education Service's..." to "...VBA's..."

Page 2, first paragraph, second to last sentence:

"In addition, about 9,500 students were affected by systemic errors related to books, supplies, and housing allowances."

VBA Comment: To provide clarification we recommend moving this sentence to the end of the paragraph.

Page 2, second paragraph, and Page 3, first paragraph:

VBA Comment: These paragraphs indicate that VBA set performance measures for FY 2010 solely for the Post-9/11 GI Bill. For clarification, we recommend that you indicate that VBA adopted the previously established performance metrics for all education benefits in lieu of any available data to support changing these targets.

Page 5, first paragraph, third sentence:

"Initial staffing estimates were based on annual workload, rather than peak season workload expected during the beginning of the school year."

VBA Comment: These staffing estimates were established in a similar manner as other estimates. Traditionally, we develop estimates based on annual workload and plan to handle peak season workload through utilization of overtime dollars.

Page 6, first paragraph, second sentence:

"VBA is generally late in processing claims and payments in the fall term, due to the seasonal surge in workload."

VBA Comment: This sentence is misleading, since there is no requirement in the statute for a payment date. VBA establishes strategic targets for completing claims based on an entire fiscal year. VBA acknowledges that there are some months where the monthly timeliness exceeds the fiscal year target.

Page 6, fifth paragraph, second sentence:

VBA Comment: Insert a “\$” sign before “3.2 million.”

Page 7, second paragraph, first sentence:

VBA Comment: Insert “to” between “scheduled” and “deploy”

Page 7, fourth paragraph, fourth sentence:

“Finally, while addressing the claims backlog, VBA suspended quality assurance activities at some regional processing offices.”

VBA Comment: For clarification, please remove the word some.

Page 9, first paragraph:

“The Veterans Educational Assistance Act of 2008 (Public Law 110-252), enacted in June 2008, required VA to begin paying education benefits under the new Post-9/11 GI Bill program by August 2009.”

VBA Comment: For clarification please reword as follows:

“...program by August 2009.” to “...program beginning August 1, 2009.”

Page 9, second paragraph, second sentence:

“The law was designed to cover the costs of qualified beneficiaries to attend state and participating private institutions of higher learning.”

VBA Comment: For clarification, we recommend rewording the sentence as listed below:

The program provides payment for tuition and fees at both public and private institutions, up to the maximum in-state tuition and fees rates in each state.

VBA response to the recommendation in the OIG draft report:

Recommendation 1: We recommend the Acting Under Secretary for Benefits address the education benefits payment errors identified during our audit by paying the amounts still owed for foreign housing allowances and providing instructions to the regional processing offices concerning overpayments of books and supplies.

VBA Response: Concur. The Office of Field Operations will disseminate the listing of the 508 underpaid students to the regional processing offices (RPOs). RPOs will process the payment adjustments for these students by December 1, 2010.

In regards to overpayments of books and supplies, Education Service will send clarifying instructions to the RPOs by November 1, 2010.

Appendix F OIG Contact and Staff Acknowledgments

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